HOW YOU EARN SOCIAL SECURITY CREDITS

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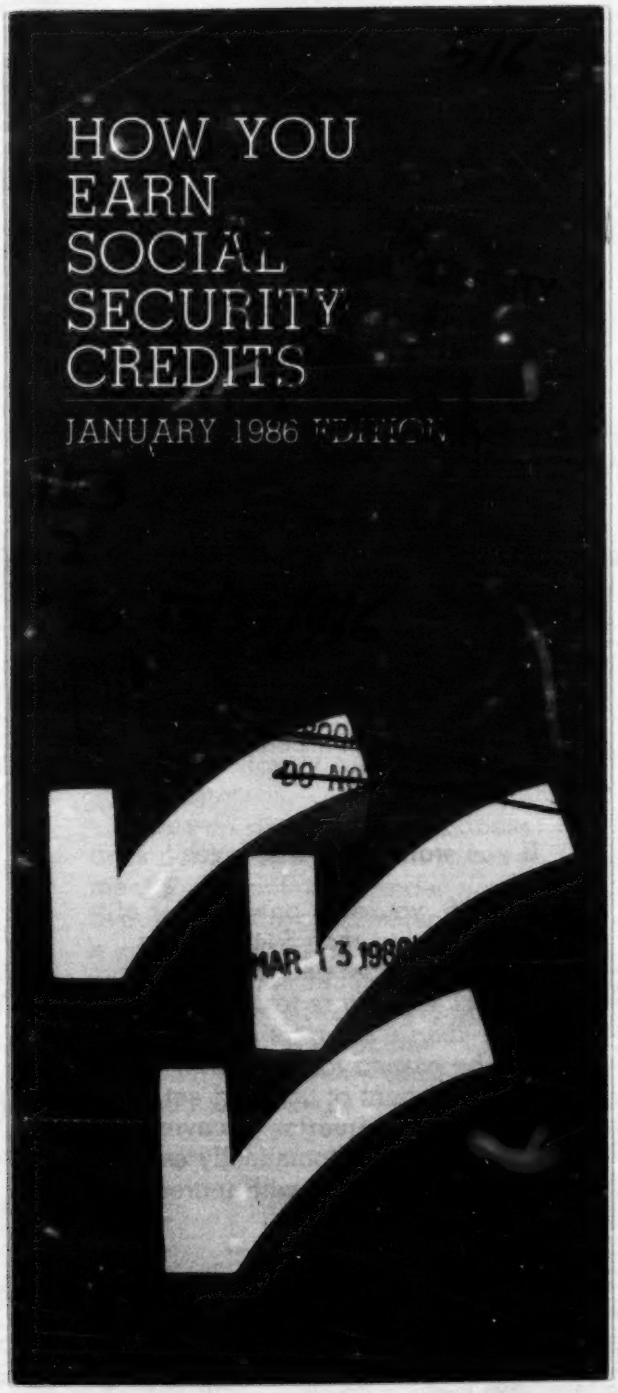

How you earn Social Security credits

Almost all employment and self-employment in the United States is covered by Social Security. If you're not sure your work is covered, ask at any Social Security office.

You need credit for a certain amount of work under Social Security before you or your family can receive Social Security payments.

This leaflet tells you how you earn Social Security credits—called "quarters of coverage"—and how many credits you need to get benefits.

If you work as an employee

In 1986, you earn one quarter of coverage for each $440 of your covered annual earnings up to a total of 4 quarters for the year. *No more than 4 quarters of coverage can be earned for any one year.*

The amount of covered earnings needed for a quarter of coverage will increase automatically each year to keep pace with increases in average wage levels.

If you work as a domestic employee in a private household, your wages are covered by Social Security if one employer pays you $50 or more in cash in a 3-month calendar quarter. You get one quarter of coverage for each $440 of your covered wages, up to a maximum of 4 quarters for the year.

If someone hires you to do farm work, including domestic work in a farm home, your wages are covered by Social Security if:

- You receive at least $150 in *cash* pay from that employer during a year,
  or
- You are employed on 20 or more days during a year for cash pay figured on a time basis (by the hour, day, week, etc.), regardless of the amount of pay.

You will receive one quarter of coverage for each $440 of your covered earnings, up to a maximum of 4 quarters for the year.

As of January 1, 1984, most employees of nonprofit organizations are covered by Social Security if they are paid $100 or more in a year. These employees earn quarters of coverage in the same way as other workers. Employees of certain churches and church-

controlled organizations, however, are treated as self-employed persons for Social Security purposes. See page 4.

Most Federal employees hired on or after January 1, 1984, also are covered by Social Security and earn quarters of coverage in the same way as other workers.

Work done by a child under 21 for a parent, by a husband for his wife, or by a wife for her husband is not covered by the Social Security law. But, work done by a parent for a son or daughter, in connection with the son's or daughter's business, is covered. Household work for a son or daughter *may* be covered in certain situations. Contact any Social Security office for more information.

If you work for yourself

In 1986, you earn one quarter of coverage for each $440 of your covered self-employment income, up to a maximum of 4 quarters for the year. Your income is covered by Social Security if you have net profit of $400 or more in a year.

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Your self-employment income also may count for Social Security even if your actual net earnings are less than $400. For more information about this, contact any Social Security office.

A church or qualified church-controlled organization can elect exemption from Social Security taxes if it is opposed to paying them for religious reasons. If you are an employee of a church or organization that chooses exemption, you are still covered by Social Security if you earn $100 or more in a year from the church or organization. But, you are considered self-employed and your earnings are self-employment income for Social Security purposes. You earn one quarter of coverage in 1986 for each $440 of your covered self-employment income, up to a maximum of 4 quarters for the year.

How many credits you need

The amount of Social Security credit you need depends on your age. If you have enough credit to be entitled to benefits, payments also can be made to your wife or husband and unmarried children. This includes children who are under 18, children who became disabled before 22 and continue to be disabled, or children who are 18 to 19 and attending elementary or secondary school full time.

Credits earned at any time after 1936 can be counted.

Retirement benefits—The table below shows the number of quarters of coverage you will need to get retirement benefits.

If you reach 62 in	Quarters of coverage you need
1983	32 (8 years)
1985	34 (8½ years)
1987	36 (9 years)
1991 or later	40 (10 years)

If you are an employee of a mandatorily covered nonprofit organization, you may be able to get retirement benefits with fewer quarters of coverage if you were 55

or older on January 1, 1984. The following table shows how many quarters you will need. The quarters must be earned after January 1, 1984. This special rule on work credits does not apply if you declined Social Security coverage when it was offered by your employer.

Work credit for nonprofit organization employees 55 or older

Your age on January 1, 1984	Quarters of coverage you need
55 or 65	20
57	16
58	12
59	8
60 or older	6

Survivors benefits—In some cases, survivors benefits can be paid if a worker has fewer quarters of coverage than those required for retirement benefits.

If you were born in 1929 or before, one quarter of coverage is needed for each year after 1950 and up to the year of death. If you were born in 1930 or later, one quarter of coverage is needed for each year after the year you reached 21 and up to the year of death.

Regardless of when you were born, monthly payments can be made to your surviving dependent children if you worked under Social Security for 1½ years (6 quarters) in the 3 years before your death.

Your widow or widower also may be eligible for benefits if she or he is caring for children under 16 or disabled who are entitled to benefits based on your earnings.

Disability benefits—The number of credits needed depends on your age when you become disabled. If at the time you become disabled you are:

- Under 24—You need credit for 1½ years (6 quarters) of work out of the 3-year period ending when your disability begins.
- 24 through 30—You need credit for having worked half of the time between age 21 and the time you become disabled.
- 31 or older—You need credit for at least 5 years of work out of the 10 years ending when you

become disabled (in other words, 20 quarters of coverage out of the previous 40 quarters). You also need to be fully insured—that is, you need enough work to be eligible for retirement benefits, just as if you had reached retirement age at the time you become disabled. If you become disabled before age 31, recover, and then become disabled again at 31 or older, you may not need 20 quarters of coverage to be eligible for benefits. You will need quarters of coverage for half of the time between age 21 and the time you again become disabled. But, the period you were previously disabled does not count.

A person disabled by blindness does not have to meet the requirement for recent work under Social Security. But a blind person does need one quarter of coverage for each year since 1950 or, if later, the year he or she reached 21, up to the year he or she became blind. A minimum of 1½ years (6 quarters) of credit is needed.

Medicare

You will be entitled to Medicare hospital insurance at age 65 if you have worked long enough under Social Security, the railroad retirement system, or Federal employment, or you are entitled to monthly Social Security or railroad retirement benefits. For more information, contact any Social Security office.

No earnings credits are needed for the medical insurance part of Medicare. To get medical insurance protection, you must enroll for it and pay a monthly premium.

For more information

If you have any questions about work credits or any other Social Security matter, get in touch with a Social Security office. The people there will be glad to help you.

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